OFFICE OF
RATEPAYER ADVOCATES

2017 ANNUAL REPORT

The Voice of Consumers Making a Difference

2017 ANNUAL REPORT

Office of Ratepayer Advocates

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Elizabeth Echols, ORA Director

ORA'S MISSION

To obtain the lowest possible rate for service consistent with safety, reliability, and the state's environmental goals.

ORA
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January 10, 2018

Honorable Jerry Brown, Governor of the State of California, and Distinguished Members of the California State Legislature:

On behalf of the Office of Ratepayer Advocates (ORA), I am pleased to present our 2017 Annual Report. This report provides ORA with the opportunity to share our 2017 key actions and accomplishments to fulfill our mission to obtain the lowest possible utility rates for California consumers consistent with safe, reliable service, and the state's environmental goals. I am pleased to report that ORA's dedicated team of professionals saved consumers more than $2.3 billion last year, in the form of lower utility revenues, avoided rate increases, and customer refunds.

Our goal is to achieve the best value for consumers across the regulated industry sectors – energy, water, and communications. We also strive to ensure that no one is left behind and that all communities have access to safe, affordable utility services. ORA provides a critical voice for millions of consumers, many of whom cannot navigate the state's complex processes. Our committed team of analysts, engineers, economists, lawyers, and auditors represent utility customers in all significant California Public Utilities Commission (CPUC) proceedings and in other forums.

ORA also provides value to consumers by advocating for the improved safety of critical utility infrastructure and operations. Our safety advocacy work covers a broad spectrum and continues to expand, ranging from improving methodologies to assess safety risk to successfully holding utilities accountable for harm associated with their failure to reasonably maintain their operations and facilities.

Our advocacy efforts also continue to grow and adapt in order to keep pace with California's aggressive and evolving environmental goals, including reducing greenhouse gas emissions through increased reliance on preferred resources such as energy efficiency, renewables, and energy storage. ORA is also actively engaged in furthering ways to cost effectively integrate distributed energy resources and electrified transportation onto the electric grid. ORA's priority is to continue to examine the benefits and costs of these programs to ensure that we achieve the state's goals in the most efficient and cost effective manner possible.

I look forward to working with you, the CPUC, the public, and other stakeholders to ensure that we help provide affordable, safe, reliable utility services and continue to advance the state's environmental goals.

Sincerely,

Elizabeth Echols, Director

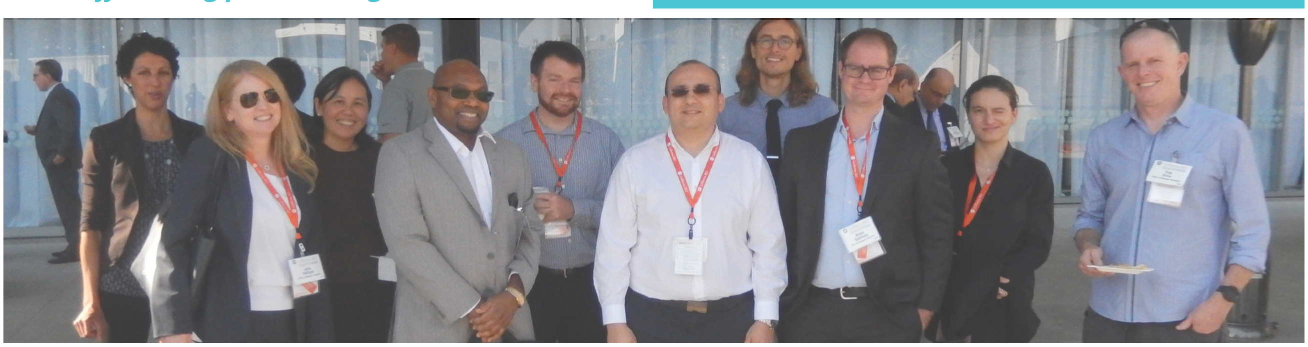
CONTENTS

ORA Inspection of Suburban Water Company Plant Site

ORA Staff viewing pressure regulator valve at PG&E

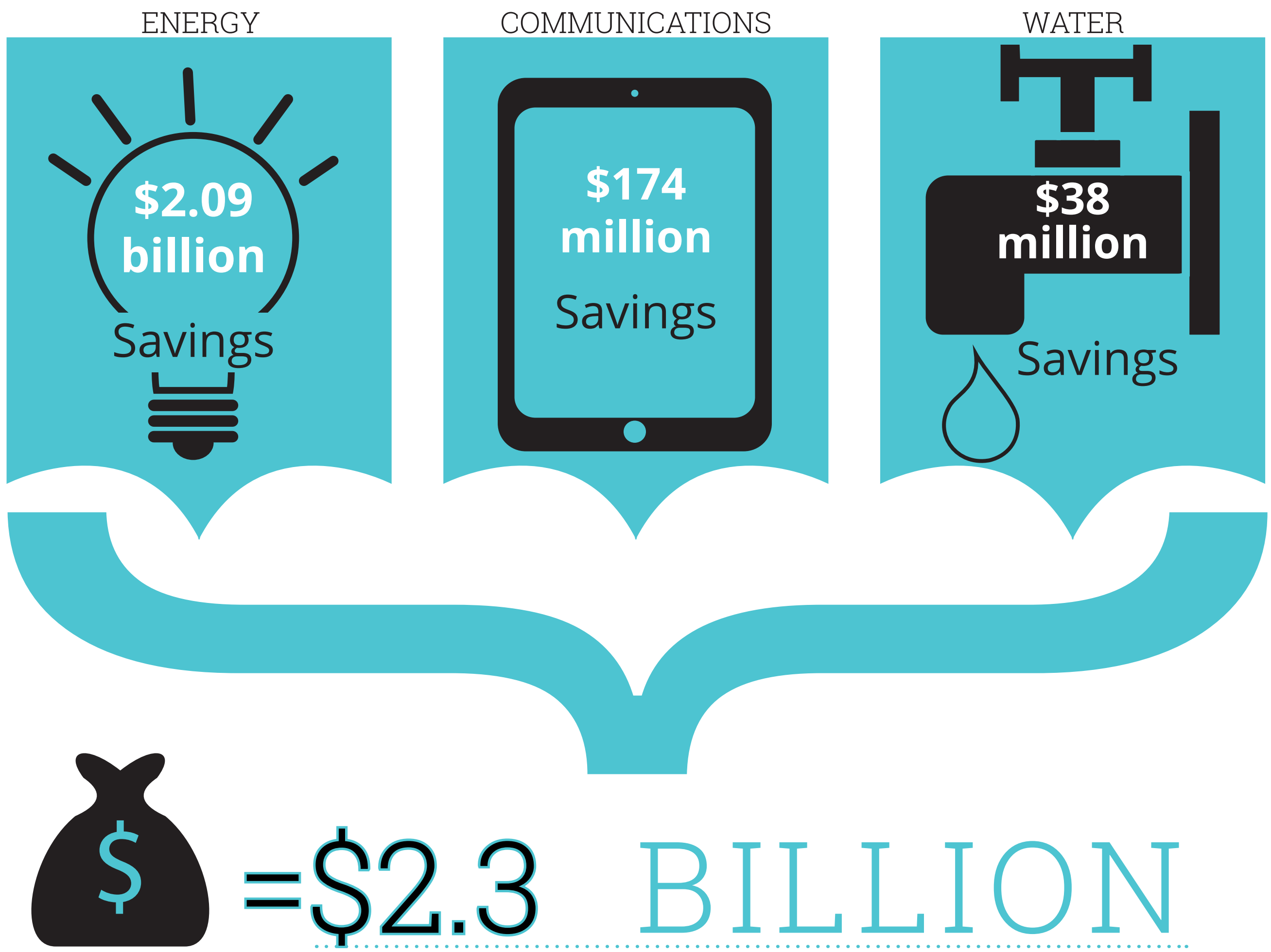
VOICE OF CONSUMERS MAKING A DIFFERENCE

In 2017, ORA participated in 170 CPUC proceedings and filed approximately 665 pleadings to advocate for the interests of California consumers.



ORA at California Independent Systems Operator Symposium

2017 ORA TOTAL CUSTOMER SAVINGS



Total ratepayer savings by reduced utility revenues, avoided rate increases, customer benefits and refunds

ORA HISTORY

1984
CPUC creates ORA (formerly known as Public Staff Division).

1996
SB 960 made ORA independent from CPUC for policy, consumer advocacy, and budget, and made ORA Director an appointee of the Governor

2005
SB 608 provided ORA autonomy over its budget, the staff, and appointment of the Chief Counsel.

2013
SB 96 provided ORA more autonomy by making it an independent organization at the CPUC.

ORA

ESTABLISHED

1984

MISSION:

TO OBTAIN THE ***LOWEST POSSIBLE RATE*** FOR SERVICE CONSISTENT WITH ***SAFETY***, ***RELIABILITY***, AND THE STATE'S ***ENVIRONMENTAL GOALS***

IN THE LAST DECADE, ORA HAS SAVED CONSUMERS **OVER**

$40

BILLION

ORA HAS A ***STAFF SIZE OF 159***, AND A **BUDGET OF $31 MILLION**

ORA'S WORK ON RATES & SERVICES

ORA'S WORK ON GENERAL RATE CASES

One of the primary ways ORA accomplishes its statutory mandate is by proactively participating in General Rate Case (GRC) proceedings. ORA performs an in-depth review and then develops fact-based recommendations to advocate for the lowest possible customer rates consistent with safety, reliability, and the state's environmental goals.

ORA typically is the only entity that evaluates these applications in their entirety, and devotes the most resources, and litigates or settles, the issues that have the most significant impact on consumers' monthly bills.

IN 2017, ***ORA SAVED CUSTOMERS OVER $1.24 BILLION DOLLARS*** *BY PARTICIPATING IN CPUC PROCEEDINGS.*

WHAT IS A GENERAL RATE CASE PROCEEDING?

A process where an investor-owned utility requests CPUC authorization to collect revenue from its customers that is necessary to operate its business.

These requests are usually made every three years and are composed of thousands of proposals which are evaluated over the course of a GRC proceeding that takes approximately 18 months to conclude.

ENERGY

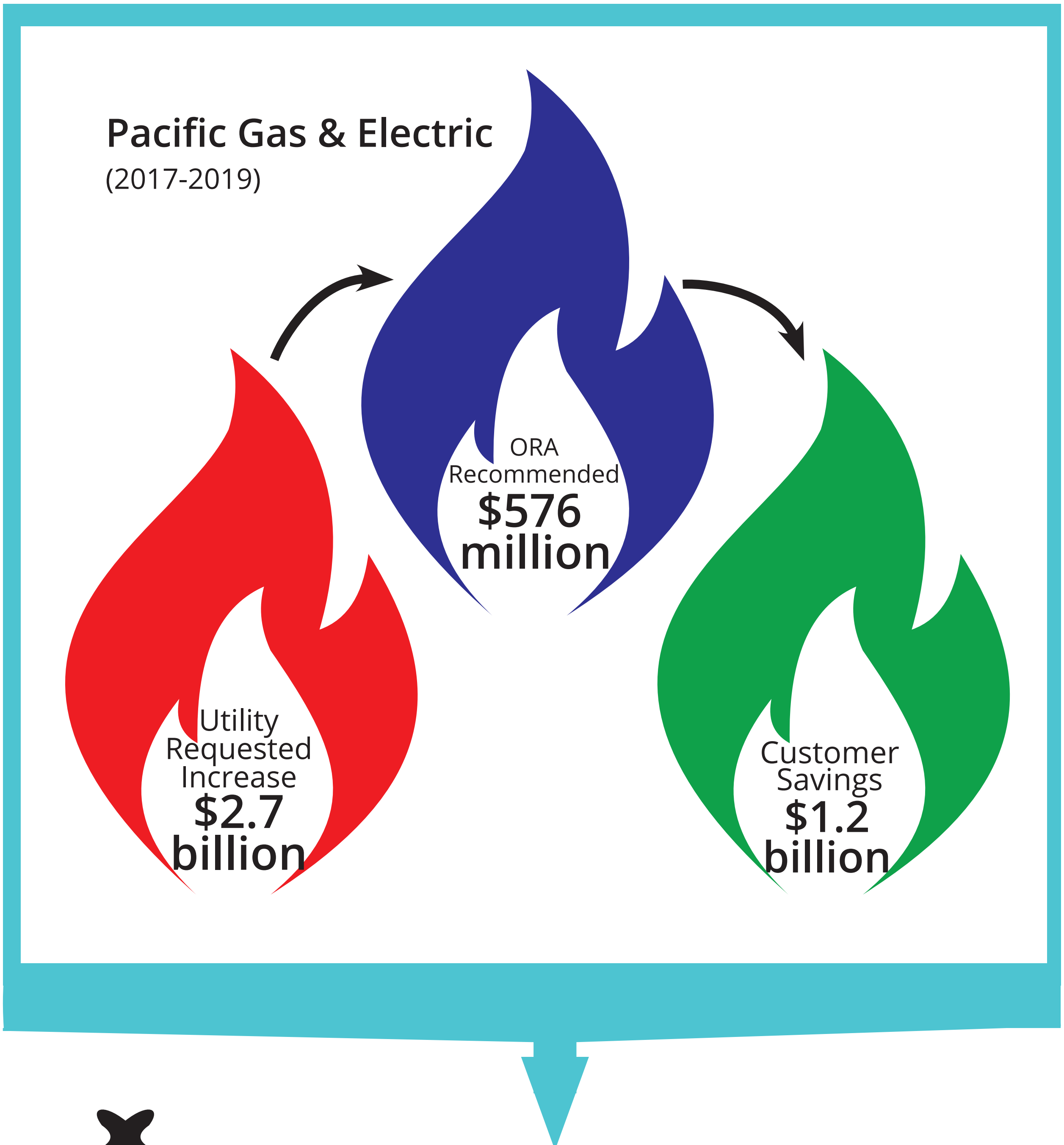
2017 ENERGY GENERAL RATE CASES

ORA represents approximately 80% of California's energy consumers with an emphasis on residential and small business customers. ORA evaluates utility and other stakeholder proposals for both electricity and natural gas in the areas of customer rates, procurement, renewables, environmental goals, distributed energy resources, transmission and distribution infrastructure, safety, and consumer protection. ORA scrutinizes utility proposals to determine if the requests are necessary, will keep rates affordable, promote the safety and reliability of the state's energy infrastructure, and support California's energy goals.

In 2017, ORA reviewed several energy utilities' GRC applications in which they proposed revenue increases and new programs. Our advocacy efforts successfully reduced PG&E's proposed revenue increase, saving its customers $1.2 billion over the 2017-2019 period. ORA also participated in several other GRC proceedings for Southern California Edison Company, San Diego Gas & Electric and Southern California Gas Companies, and Bear Valley Electric Service. These proceedings are expected to conclude in 2018.

GENERAL RATE CASES: ENERGY

ORA Reduces Customers' Electric & Gas Rates



=$1.2 BILLION **IN CUSTOMER SAVINGS**

WATER

2017 WATER GENERAL RATE CASES

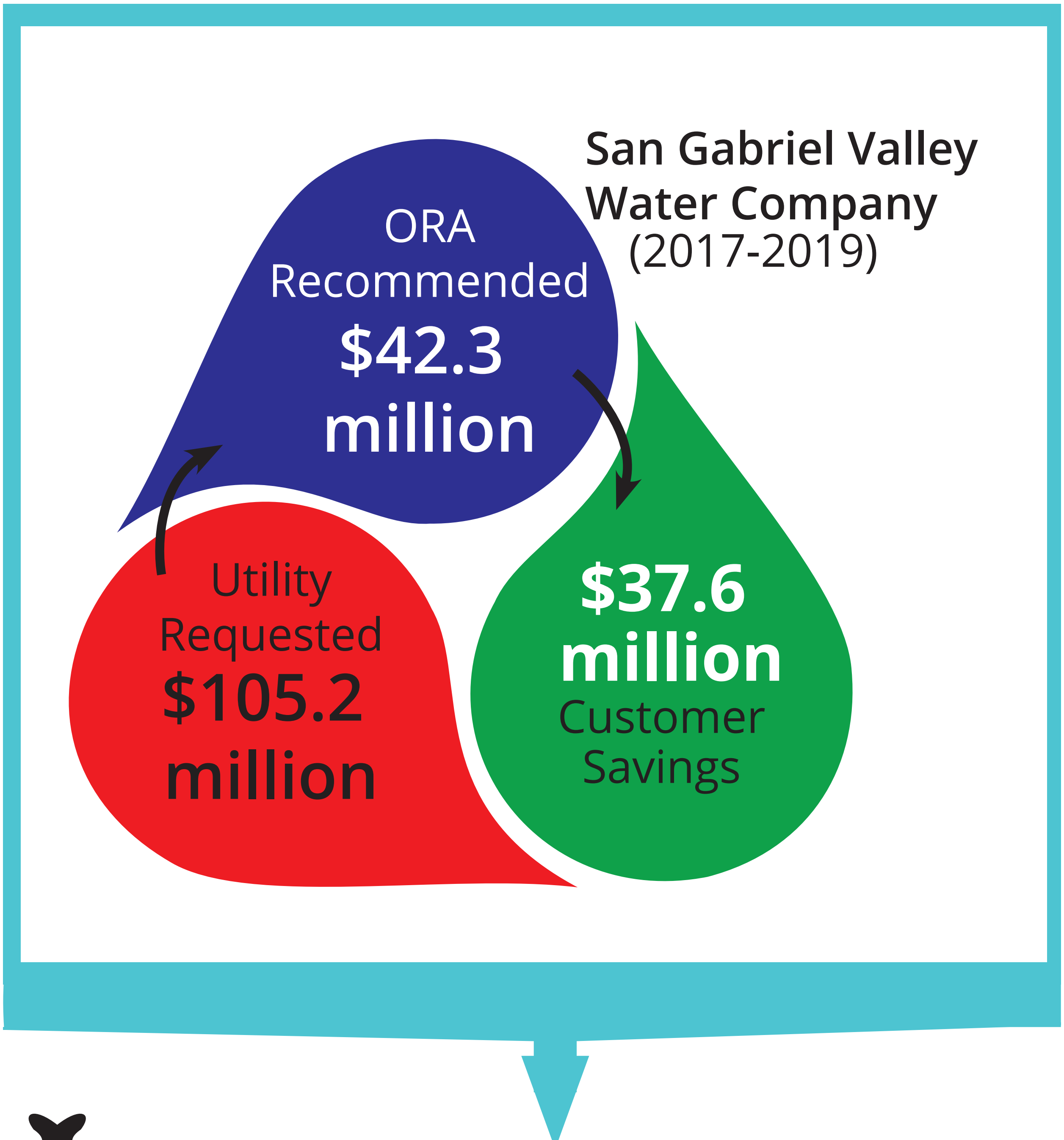
ORA represents about 15 percent of California's urban water customers. ORA advocates for affordable, high quality, and reliable water service, and for water programs that serve low-income customers. ORA supports cost-effective conservation programs and long-term water supply solutions. In fulfilling its mission, ORA represents over 4 million customers (or 1.3 million service connections) of California investor-owned water utilities that have more than 10,000 service connections.

ORA examined three GRC applications in 2017 including San Gabriel Valley Water Company (San Gabriel), Suburban Water System (Suburban), and California American Water Company (Cal American). The CPUC released a final decision on the San Gabriel GRC, adopting the settlement agreement reached by ORA with the utility, resulting in customer savings of $37.62 million over a three-year period (mid-2017 – mid-2019). Testimony, hearings, and briefs have been submitted in the Suburban and Cal American GRCs, and final decisions are expected in early 2018. ORA also began examining the GRC application filed by Golden State Water Company (Golden State Water) in mid-2017. ORA's testimony will be served in mid-February 2018.

ORA examined four Cost of Capital applications in 2017 including Cal American, California Water Service Company (Cal Water), Golden State Water, and San Jose Water Company (San Jose Water). These applications were consolidated into a single proceeding. Testimony, hearings, and briefs have been submitted and a final decision is expected sometime in early 2018.

GENERAL RATE CASES: WATER

ORA Reduces Customers' Water Rates



=$37.6 MILLION **IN CUSTOMER SAVINGS**

COMMUNICATIONS

2017 COMMUNICATIONS GENERAL RATE CASES AND MERGERS

ORA advocates on behalf of customers statewide to promote universal access to safe and reliable wireline and wireless communications services.

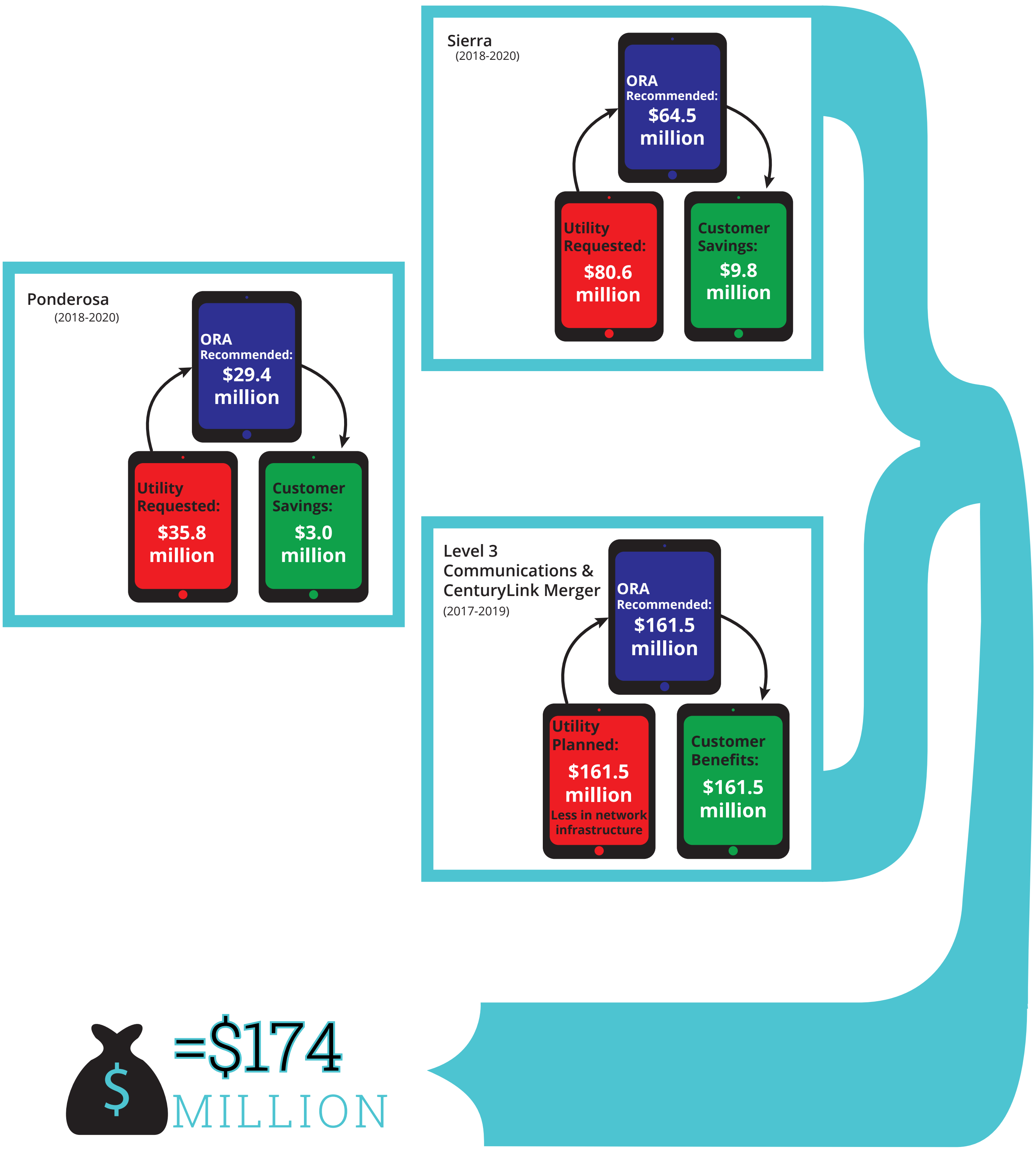
ORA's efforts in 2017 focused on advancing the universal availability of broadband Internet service at greater speeds, mitigating the impact of changes in the federal lifeline program on customers participating in the state's lifeline program, ensuring the cost effectiveness of public purpose programs, monitoring network outages and service quality performance, and promoting competition and investment in network infrastructure.

ORA examined four GRC applications in 2017 including The Ponderosa Telephone Company (Ponderosa), Sierra Telephone Company (Sierra), Calaveras Telephone Company (Calaveras), and Cal-Ore Telephone Company (Cal Ore). ORA reached a settlement agreement with each of the utilities. The CPUC has already adopted the settlement agreement with Ponderosa and Sierra, resulting in customer savings of $12.83 million over a three-year period (2018 – 2020). While the CPUC has not yet released a final decision on the settlement agreements with Calaveras and Cal Ore, the settlement agreements entered into in those proceedings offer potential savings in the amount of $1.77 million over a three-year period (2018 – 2020).

ORA examined the proposed acquisition of Level 3 Communications by Century Link. ORA, with other consumer groups (TURN and Greenlining), reached a settlement agreement with the merging companies. The CPUC adopted the settlement agreement, which, among other conditions, requires the merging companies to spend $161.5 million more than they had planned on investing over the next three years to upgrade their network infrastructure in California.

GENERAL RATE CASES & MERGERS: COMMUNICATIONS

ORA saves customers' money on phone bills



=$174 MILLION

IN CUSTOMER SAVINGS & BENEFITS

ORA'S POLICY ADVOCACY

ON BEHALF OF CONSUMERS

ORA's mission is to achieve the lowest possible utility rates for California consumers consistent with safe, reliable service, and the state's environmental goals. Our goal is to achieve the best value for consumers across the regulated industry sectors (energy, water, and communications) and ensure that all communities have access to affordable utility services.

The CPUC's procedures are complex and the average consumer has neither the time nor the resources to navigate these processes on their own. ORA is committed to providing policy advocacy that keeps pace with California's commitment to leadership in environmental, safety, and access equity policy. ORA dedicates significant resources, consisting of analysts, engineers, lawyers, auditors, and financial experts to examining thoroughly the benefits and costs of proposed programs and policy options. We advocate for outcomes that are both consistent with state policy goals and in the best interests of the consumer.

ORA has successfully represented the interests of California consumers in many policy areas as described further in this section:

Access and Affordability
ORA's goal is to advance ubiquitous and affordable access to utility service, especially to those most in need. To this end, in 2017 ORA actively participated in hundreds of CPUC proceedings, and in other forums, including the California Air Resources Board, California Energy Commission, the California Independent System Operator, and the State Water Control Resources Board.

Safety and Reliability
ORA advocates for cost-effective utility services that are provided in a safe and reliable manner. ORA helps ensure safe and reliable utility services by actively participating in Commission proceedings to examine utility proposals for managing safety risk, prioritizing programs to mitigate those risks, and analyzing associated costs. We also determine if utility safety proposals are compliant with the law and California's best practices for safety.

Environmental Goals
ORA strives to achieve California's ambitious environmental goals in the most cost-effective manner possible. ORA works directly with the CPUC, stakeholders, and the public to help implement the state's goal of reducing greenhouse gas emissions through increased reliance on preferred resources such as energy efficiency, renewables, and energy storage. We also recommend ways to cost effectively integrate distributed energy resources and electrified transportation onto the electric grid.

AFFORDABLE ENERGY SERVICES

Energy Efficiency Programs

ORA has been a driving force to ensure that California's energy efficiency programs provide meaningful benefits to customers and spur innovation to enable the state to meet its aggressive energy policy goals. Energy efficiency is the cornerstone of California's energy policy. Cost-effective energy efficiency programs benefit customers by reducing bills, and helping California achieve its environmental goal of reducing greenhouse gas emissions (GHG).

ORA STRIVES TO IMPROVE ENERGY EFFICIENCY PROGRAMS

ORA is engaged in an effort to improve energy efficiency programs by separating the role of administering the programs from the role of designing and implementing the programs. Under this new framework, the utilities would continue to administer the programs, and third-party organizations including local governments would compete to design and implement specific programs. This approach will ensure customers are getting the most innovative and cost-effective programs that deliver greater energy savings at lower cost.

Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and other program administrators have proposed Energy Efficiency Business Plans and seek budget authority for approximately $8 billion over 8 years. Given the plans' cost and time span, ORA strongly advocates for a transparent process for procuring energy efficiency programs and activities, performance metrics and targets, and in-depth evaluations of each energy utility's energy efficiency business plan and budget. ORA also recommends reducing the budget request by $200 million for the elimination of utility resources that are not directly for the benefit of energy efficiency activities.

Closure of PG&E's Diablo Canyon Nuclear Power Plant

In August 2016, PG&E filed a proposal seeking authority to close the Diablo Canyon Power Plant by 2025, when its license granted by the federal Nuclear Regulatory Commission expires. PG&E also proposes to charge its customers over $1.77 billion for the costs associated with the closure. ORA recommends that the CPUC reject PG&E's expensive proposals and instead, authorize no more than $171.8 million for cost recovery, which would save customers approximately $1.6 billion.

Specifically, ORA opposes PG&E's proposal to fund $1.3 billion for energy efficiency programs, which would be in addition to the $2.98 billion already authorized for energy efficiency activities over the same period. Instead, ORA recommends the CPUC use its existing planning process to first determine if there is a need to procure resources due to the Diablo closure and, if so, identify the appropriate resource mix to meet that need. Also, while ORA supports programs to retain employees during the Diablo Canyon closure process, PG&E failed to demonstrate a need for spending $352 million on employee retention. Instead, ORA recommends the Commission authorize a $160.5 million retention program. PG&E's also did not justify a customer funded $85 million community impact mitigation program intended to lessen the impact of the plant closure on local jobs and tax revenues. ORA supports shareholder funding for this proposed program and for any additional funding for the employee retention program above ORA's recommended levels.

On November 8, 2017, the Administrative Law Judge issued a proposed decision that rejects PG&E's request consistent with ORA's recommendations. The CPUC is expected to vote on the proposed decision in early 2018.

Disadvantaged Communities

ORA actively participated in several proceedings to ensure that Disadvantaged Communities, as well as low-income households, have access to the benefits of ratepayer-funded customer programs. ORA has effectively advocated that the CPUC use the CalEnviroScreen Tool developed for the California Environmental Protection Agency (CalEPA) to evaluate which communities are most burdened by pollution.

In 2017, ORA actively participated in the following proceedings:

Increasing Access to San Joaquin Valley Disadvantaged Communities
ORA served a primary role in Phase 1 of the CPUC's proceeding on increasing access to affordable energy service in disadvantaged communities within the San Joaquin Valley. This proceeding was established pursuant to AB 2672 (Perea, 2014). ORA developed a comprehensive framework and timeline for identifying and assessing which disadvantaged communities do not have access to natural gas service within this region. With the communities now identified, the proceeding has entered Phase 2 where pilot projects are under development.

Expanding Benefits of Distributed Generation to Disadvantaged Communities
In the CPUC's Net Energy Metering proceeding, ORA recommended the parameters for projects designed to provide benefits of rooftop solar to disadvantaged communities so that they can participate in the solar economy and receive savings on their energy bills.

In addition, ORA supported the CPUC's adoption of a method for estimating the credits that accrue in the Virtual Net Energy Metering Program that could be used for small storage devices limited to residential applications. This method provides Net Energy Metering customers a meaningful incentive to generate electricity during the later period of peak demand, which in turn provides the most value to the grid.

ORA also supported the CPUC's decision to reserve 25% of the funds collected through the Self-Generation Incentive Program (SGIP) to be used as the Equity Budget. The Equity Budget will fund state and local government projects, schools, non-profits or small businesses that are located in the 25% most affected disadvantaged communities (as defined by CalEnviroScreen). The CPUC agreed with ORA's recommendation that low-income housing also should be eligible.

2017 ACCESS & AFFORDABILITY

ORA ENSURES ACCESS TO AFFORDABLE ENERGY

Ensuring Cost-Effective Programs to Assist Low-income Customers

ORA is participating in a working group that is designing and refining methodologies to determine the cost effectiveness of the CPUC's low-income energy efficiency programs, also referred to as the Energy Savings and Assistance Program. ORA also is participating in a working group to implement the CPUC's direction to expand spending for projects that serve apartment buildings that primarily house low-income customers. ORA's focus is to develop programs that provide benefits to low-income customers in targeted multifamily buildings, and generate meaningful energy savings.

Consideration of Disadvantaged Communities in Electric Resource Planning

In the CPUC's Integrated Resource Planning proceeding, ORA is advocating that when considering long-term resource needs, preference should be given to renewable energy projects that provide environmental and economic benefits to disadvantaged communities.

ORA also is advocating that disadvantaged communities should have improved access to energy efficiency, solar photovoltaic, renewable energy, contracting opportunities for local small businesses, and zero-emission or near zero-emission transportation options. Specifically, ORA recommends that as part of the integrated resource planning process, load serving entities should evaluate potential barriers and opportunities that disadvantaged communities may experience in accessing energy resources.

Energy Utility Cost of Capital: Total Savings $486 million Over Two Years (2018-2019)

ORA actively participated in negotiations with PG&E, SCE, San Diego Gas & Electric Company (SDG&E), SoCalGas, and other parties regarding the utilities' cost of capital for the 2018-2019 period. The negotiations successfully resulted in a joint petition to the CPUC that proposed changes to the utilities' authorized cost of capital, which would result in reductions of $243 million per year in 2018 and 2019. The joint petition proposed to reduce the utilities' authorized return on equity and to adjust their authorized long-term debt and preferred stock. The CPUC approved the joint petition in July 2017.

Demand Response Programs

ORA is engaged in several CPUC proceedings focusing on Demand Response (DR). DR programs are designed to provide payments to consumers to reduce energy consumption during periods of peak demand. Reducing demand during peak periods keeps highly polluting power plants from operating during those hours and avoids the need for building and operating expensive infrastructure. ORA is a staunch advocate for effective DR programs, and has found numerous opportunities for the utilities to streamline their DR administration, as well as target programs in ways that ensure customers are not paying for programs that do not deliver benefits.

Below are highlights of two DR proceedings ORA participated in.

Demand Response Applications

ORA provided testimony on PG&E's, SCE's and

SDG&E's proposed 2018-2022 DR Programs that was instrumental in the CPUC's decision to reduce the utilities' DR budgets by $41 million. These reductions are a result of eliminating programs that were not cost effective.

Demand Response Auction in 2019

ORA advocated for more stringent procurement guidelines to yield more cost-competitive contracts if the CPUC authorizes a demand response auction for 2019. ORA also raised concerns about the design of new DR models that potentially conflict with state environmental goals. A proposed decision and alternate proposed decision are pending in this proceeding. Both proposed decisions agree with ORA and other parties that community choice aggregators' DR programs should comply with the CPUC's rules which prohibit the use of polluting resources during demand response events. The proposed decision does not approve an additional auction for 2019. The alternate proposed decision would authorize an additional 2019 auction, and adopts ORA's budget recommendation to reduce the utilities' proposed $27 million budget to $13.5 million, resulting in ratepayer savings of $13.5 million.

Reform of Residential Customers' Electric Rates

With the passage of AB 327 (Perea, 2013), the Legislature put into motion key reforms for residential customers' electric rates for PG&E, SCE, and SDG&E. ORA's focus has been on ensuring that the reforms do not create sudden and extreme rate changes also referred to as "rate shock" for customers. ORA also is advocating for mechanisms to protect vulnerable customers (customers participating in low-income assistance programs and those with medical conditions) from significant bill increases.

ORA participated in several electric rate design proceedings through 2017. The following are highlights of our work:

Pilot Programs to Evaluate Time-of-Use Rates

AB 327 enabled the transition from tiered rates to time-of-use (TOU) rates. TOU rates encourage customers to reduce their energy usage during peak energy demand due to the high cost of energy during certain time periods. ORA successfully advocated for PG&E TOU pilot programs that use a more moderate rate structure for the utility's low-income customers. This approach will protect these customers from experiencing extreme cost swings on their utility bills.

Defining Fixed Charges

AB 327 also gave the CPUC the authority to impose "fixed charges" on residential customers. Fixed charges would be billed to residential customers at the same amount every month regardless of usage. ORA opposes these charges because they inhibit the ability of customers to decrease their bills. They also are contrary to the State's energy policy goals because they provide no meaningful signal for customers to adjust their usage to support the grid. Although the CPUC has not authorized the utilities to establish fixed charges, it initiated a proceeding to define the costs that could be recovered through a fixed charge. In September 2017, the CPUC adopted ORA's recommendation to limit the costs that could be included in a fixed charge. This is likely to save low-usage customers millions of dollars if the CPUC does adopt fixed charges.

Electric Baseline Rates
ORA successfully advocated for a number of other reform measures that would protect customers, such as setting a limit or cap for baseline rate changes. The baseline rate cap ensures that low-usage customers do not experience rate shock as a result of the CPUC's efforts to reduce the price differential between the rates for baseline and above-baseline usage. The CPUC also adopted ORA's recommendation to require the utilities to provide detailed information so that ORA and other parties can evaluate the impact of rate reforms on customers' energy usage and bills.

Energy Resource Account (ERRA)

PG&E, SCE, and SDG&E record costs related to generating and purchasing power in their Energy Resource and Recovery Accounts (ERRA). Each year, the utilities must request CPUC authority to recover these costs in the rates charged to their customers.

ORA is often the sole party participating in ERRA proceedings and the only party advocating on behalf of customers. Our participation includes reviewing utility-owned generation operations, fuel expenses and procurement, contract administration, least-cost dispatch, demand response, and greenhouse gas compliance instrument procurement.

PG&E ERRA Compliance Proceeding
In PG&E's 2015 ERRA compliance proceeding, which was initiated in 2016, ORA recommended that the CPUC disallow cost recovery of $71.45 million for hydroelectric and fossil generation outages, and for not providing the calculations of its direct GHG emissions.

ORA also recommended that the CPUC require PG&E to provide in future ERRA applications additional and specific information regarding its least-cost dispatch of resources and its greenhouse gas compliance costs.

ORA and PG&E entered into a settlement agreement in this proceeding, which the CPUC approved in March 2017. In addition to adopting a majority of ORA's recommendations, the settlement includes a reduction to PG&E's cost recovery for an outage at the Colusa Generating Station and contract overpayments.

SDG&E ERRA Compliance Proceeding
In SDG&E's 2015 ERRA compliance proceeding, which was initiated in 2016, ORA recommended that the CPUC reduce SDG&E's cost recovery request due to an operational issue. ORA also recommended that SDG&E be required to provide specific and additional information regarding least-cost dispatch of resources and contract administration compliance in future ERRA applications. In March 2017, the CPUC issued a decision approving ORA's recommendation to reduce SDG&E's request.

AFFORDABLE WATER RATES

Cost of Capital for California Water Service Company, California American, Golden State, and San Jose Water Companies

ORA's recommendation in the water cost of capital proceeding would reduce customer bills by approximately $47 million per year. If the Commission adopts ORA's recommendation, it would save ratepayers more than $80 million annually compared to the increase the four utilities have requested.

The CPUC in 2012 set annual investor returns at 10 percent. After three consecutive postponements, the four largest Class A water utilities filed applications in April 2017 in order to set the cost of capital for the period of 2018 to 2020. They now propose annual investor returns ranging from 10.75 to 11 percent per year, resulting in increased customer rates of approximately $34 million annually.

However, many of the assumptions and expectations made in 2012 have not materialized. In particular, the economy has been relatively stable, borrowing costs continue to be near historic lows, and nearly all market indicators point to investor expectations of lower returns. ORA has therefore recommended annual investor returns closer to 8 percent.

A final decision is pending and is expected early 2018.

ORA SUPPORTS AFFORDABLE WATER RATES

Review of Water Affordability

ORA advocates for making water more affordable. Affordability depends on the price and quantity of water consumed, and the ability of households to pay for water service.

The Commission initiated Rulemaking 17-06-024 in June 2017 to assess water affordability, the Class A water utilities' low-income rate assistance programs, the feasibility of achieving consistency across water utility low-income programs, and the potential revenue sources to support rate assistance programs. The Commission is also working with the State Water Resources Control Board (SWRCB), which is tasked by Assembly Bill 401 (Dodd, 2015) to develop a plan for statewide low-income assistance programs by early 2018. The Commission and the SWRCB held a joint workshop in Sacramento on August 17 to examine acquisitions and consolidations of water systems as ways to improve water affordability for customers in small, struggling water systems. On August 21, ORA filed comments on existing programs and on issues ranging from affordability guidelines to funding options.

This rulemaking is expected to continue through 2018.

AFFORDABLE COMMUNICATION RATES

Level 3 - Century Link Merger

The merger application (A.17-03-016) was filed in March 2017 and proposed to transfer ownership and control of the Level 3 Operating Entities to CenturyLink (an Internet Service Provider).

After examining the merger application, ORA concluded that the proposed merger was not in the public interest because it would result in substantially less investment in network infrastructure and would not address service quality and reliability issues. The merging companies had publicly acknowledged that they planned to spend less on future capital expenditures.

ORA, with The Utility Reform Network (TURN) and Greenlining, reached a settlement agreement with the merging companies that established several requirements as conditions for approval of the merger. Under the settlement agreement, the merging companies are required to increase investments in network infrastructure, including middle-mile infrastructure that benefit unserved/underserved communities, and replace equipment to improve service quality and reliability. The settlement agreement also requires the merging companies to procure at least 21.5 percent of goods and services from women, minority, and disabled veteran-owned business enterprises. Moreover, it includes reporting obligations to enable ORA and the CPUC to monitor and ensure compliance to the merger conditions.

The CPUC approved the settlement agreement and the proposed merger in October 2017 (D.17-10-003).

Broadband Deployment Advocacy

ORA advocates for ubiquitous broadband deployment by examining California Advance Services Fund (CASF) grant applications and encouraging the CPUC to establish pro-consumer conditions in Digital Infrastructure and Video Competition Act (DIVCA) renewal applications.

The CASF program bridges the digital divide by encouraging the deployment and adoption of broadband services in high cost, difficult to serve areas of the state. The program aims to make Broadband Internet Access available to no less than 98 percent of households statewide at the CASF-established speeds of at least 6 Mbps download and 1.5 Mbps upload.

In 2017, ORA examined CASF broadband infrastructure grant applications and advocated for prudent use of CASF monies

ORA ENSURES MERGERS
WILL MAINTAIN INVESTMENT IN **CRITICAL NETWORK INFRASTRUCTURE IN CALIFORNIA**

by removing from eligibility unserved and underserved areas where (1) federal funds have already been committed for broadband deployment through the Federal Communications Commission (FCC) Connect America Fund program and (2) where some carriers are already required to deploy broadband under CPUC-approved mergers. This would make more CASF monies available to unserved and underserved areas truly in need. ORA also examined CASF grant applications to recommend the most cost-effective technology that should be used.

ORA advocates for advancing broadband deployment and customer protections under DIVCA. In 2006, the Legislature designated the CPUC with the authority to issue state video franchises, which originally resided with local entities, and directed ORA to advocate on behalf of video subscribers when providers submit their franchise renewal applications. DIVCA franchises are renewed only once every 10 years. The CPUC adopted a franchise renewal process that allows ORA to submit comments no later than 15 days from the date the franchise renewal application is filed.

In 2017, ORA reviewed and submitted comments to the CPUC on the video franchise renewal applications of AT&T, Time Warner Cable (New Charter)[1], and Comcast.

ORA recommended that the CPUC work with AT&T, prior to approving its franchise renewal application, to establish a schedule for broadband deployment at minimum speeds of 25 Mbps download and 3 Mbps upload, the FCC's new minimum standard. ORA also recommended that the CPUC require AT&T to expeditiously resolve customer complaints received by local entities. The CPUC approved AT&T's application without any conditions.

ORA recommended that the CPUC require New Charter, prior to approving its franchise renewal application, to (a) provide the CPUC and ORA a monthly report (for a period of twenty-four months), detailing the outcome of its efforts to resolve all outstanding and new customers complaints, (b) provide a root cause analysis of all past and future Network Outages Reporting System (NORS) outages by the end of the year, and (c) ensure that increases in the adoption of its low-income broadband service are offered to all eligible customers in the franchise territories of New Charter. The CPUC approved New Charter's franchise renewal application without any conditions.

ORA SUPPORTS BROADBAND DEPLOYMENT **FOR UNSERVED/ UNDERSERVED AREAS**

Finally, ORA recommended that the CPUC, prior to approving Comcast's franchise renewal application, perform a thorough examination to determine if Comcast is

[1] Charter Communications, Inc., Time Warner Cable Inc., and Bright House Networks, LLC merged into New Charter.

complying with P.U. Code Section 5890 (a), which prohibits a cable operator or video provider from discriminating against any group of potential residential customers based on income. ORA's analysis identified a significant number of low-income households within Comcast's video franchise territory that do not have access to Comcast's broadband service. The CPUC did not verify compliance before approving Comcast's franchise renewal application.

ENSURING SAFE & RELIABLE ENERGY SERVICES

SDG&E's Request to Charge Customers for Wildfire Costs

In 2007, SDG&E's facilities were involved in the ignition of three different wildfires, which caused widespread destruction resulting in billions of dollars in costs. In 2015, SDG&E filed an application with the CPUC seeking to recover $379 million in costs and legal fees resulting from third-party damage claims that were not covered by insurance.

ORA submitted testimony, testified at hearings, and filed legal briefs demonstrating that SDG&E's management and control of its facilities were unreasonable and that the CPUC should reject SDG&E's request. In November 2017, the CPUC voted to deny SDG&E's request, and extensively referenced ORA's testimony to support its findings.

ORA SUCCESSFULLY PREVENTS
$379 MILLION IN CONSUMER RATE INCREASES TO COVER
SOUTHERN CALIFORNIA
WILDFIRE COSTS

SoCalGas and SDG&E Natural Gas Transmission Proposals

In September 2015, SoCalGas and SDG&E filed an application seeking authority to de-rate natural gas Line 1600 from a transmission to a distribution line, and stated that the line would not need to be pressure tested. The utilities also propose to build a new line, Line 3602, to bring more natural gas to San Diego. Currently, Line 1600 is owned by SDG&E, and operated by SoCalGas. Similarly, the proposed new Line 3602 also would be owned by SDG&E and operated by SoCalGas.

ORA's primary recommendation is that Line 1600 must be pressure tested even if de-rated for safety assurance purposes and compliance with state law. The pressure test would cost approximately $100 million. ORA made this recommendation after identifying several errors in the utility's safety data for Line 1600. In December 2017, the administrative law judge issued a ruling re-opening the record to include the CPUC's staff's opinion that, even if de-rated, Line 1600 would be a transmission line. Therefore, according to state law, the line must be pressured tested. The staff's opinion is consistent with a position taken by ORA in April 2017.

A proposed decision on Phase 1 issues is expected in 2018. Phase 2 of the proceeding, if needed, will examine the proposed Line 3602 and other potential alternatives to Line 3602.

2017 SAFETY & RELIABILITY

PacifiCorp Coal Asset Sale

In 2015, PacifiCorp sold its coal generation assets located in Utah. As part of this sale, PacifiCorp was required to seek the CPUC's approval. PacifiCorp obtained approval of the sale from four states (Idaho, Oregon, Utah, and Wyoming), and sold the assets without obtaining the CPUC's approval.

ORA participated in the proceeding and focused primarily on safety issues which included accident risks from expanded coal mining, risks from transporting coal via rail through Bay Area cities, and the health risks to people living near railroad tracks from increased exposure to coal dust.

In December 2016, ORA, Sierra Club, and PacifiCorp reached a settlement that addresses the safety issues raised by ORA. The CPUC is expected to issue a proposed decision in 2018.

the CPUC adopted the gas operators' pipeline safety enhancement plans (PSEP).

ORA and other consumer advocates reviewed SoCalGas's and SDG&E's PSEP-related costs. As a result of these efforts, the CPUC ultimately reduced the utilities' cost recovery by approximately $2 million by denying the utilities' request for third-party contractor insurance related to PSEP projects.

SoCalGas and SDG&E Risk Assessment & Mitigation Phase (RAMP)

The Risk Assessment and Mitigation Phase (RAMP) of a General Rate Case (GRC) is where an energy utility presents the major risks to its systems and operations, and proposed mitigations. Parties have the opportunity to comment, and the CPUC's staff then issues a report. The RAMP is designed to inform the utilities' safety-related funding requests in their GRC applications.

ORA TAKES ACTION TO IMPROVE NATURAL GAS PIPELINE SAFETY

SoCalGas and SDG&E Pipeline Safety Enhancement Plan (PSEP)

ORA supports efforts to ensure pipeline safety including the requirement to pressure test or replace pipeline segments that do not have records of pressure testing. After the 2010 San Bruno natural gas explosion, pipeline operators in California were ordered to pressure test or replace their pipelines. As part of this process,

ORA provided extensive comments and recommendations on SoCalGas' and SDG&E's first RAMP, focusing on future improvements for the utilities' next RAMP. ORA is currently analyzing how the SoCalGas/SDG&E RAMP was incorporated into their current GRC application which was filed in October 2017.

Safety Model Assessment Proceeding (S-MAP)

The S-MAP proceeding focuses on evaluating the model used to assess the safety risks within the utilities' operations. ORA is participating in Phase 2 of the S-MAP, which involves evaluating two models. Both models are designed to provide a common reference and tool for assessing energy utility risk issues.

PG&E Ex Parte Communications Investigation

In November 2015, the CPUC initiated a formal investigation regarding PG&E's failure to timely report ex parte communications and engaging in improper ex parte communications with CPUC decision makers. These communications included matters pertaining to several PG&E requests to fund safety-related and other proposals.

ORA analyzed the potential range of violations, and fines and remedies. ORA also participated in all-party settlement discussions with PG&E, TURN, the CPUC's enforcement staff, and the cities of San Bruno and San Carlos. Those discussions resulted in a settlement agreement, which includes $73.5 million in customer savings consisting of:

- $63.5 million in reductions to the PG&E 2018 and 2019 gas transmission revenue requirement request
- $10 million reduction over PG&E's next general rate case period

PG & E also would pay $1 million in fines to the General Fund and $6 million each to the cities of San Bruno and San Carlos to cover litigation-related costs.

The settlement agreement also includes non-financial remedies, such as enhanced ex parte communication reporting requirements, PG&E's admission that its conduct caused harm, and training on the CPUC's ex parte rules for executives and other staff.

In September 2017, the assigned administrative law judge issued a proposed decision that adopts the settlement agreement, with the modification that PG&E agree to pay an additional $11 million fine to be paid to the General Fund. The proposed decision is pending the CPUC's consideration.

Reliability and Resource Adequacy

The CPUC's Resource Adequacy program ensures that sufficient resources are provided to the California Independent System Operator (CAISO) for safe and reliable operation of the electric transmission grid. The program also is intended to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

Highlights of ORA's analysis and recommendations on resource adequacy-related proposals follows:

SCE's Proposed Resource Adequacy Contracts

SCE requested approval for three resource adequacy contracts that would provide local capacity in the Los Angeles Basin. The facilities use once-through cooling technology and are required by the State Water Resources Control Board to retire by December 2020. In total, the contracted capacity of all three contracts would have exceeded the projected capacity need, and some of the resources would have been retained under contract through December 2020.

ORA raised concerns regarding SCE's request because the contracts provided more capacity than is needed, SCE's financial assessment of the three contracts was flawed, and the duration of the contracts was not justified.

The CPUC agreed with ORA that all three contracts were not needed and approved only two of the three contracts.

SCE's Proposed Ellwood Peaker Plant Contract

In November 2014, SCE filed a request for authority to enter into a 10-year contract to refurbish the Ellwood gas-fired peaker plant and extend the life of the plant by 30 years.

ORA's analysis showed that there was no demonstrated unmet local reliability need that would justify the financial and environmental cost of the Ellwood contract and recommended rejection of the contract. ORA also recommended that if the CPUC determined there is an unmet local reliability need, it should issue a new Request for Offers to select the least cost, best fit option, which could include preferred resources such as energy efficiency, demand response, and renewable energy.

In September 2017, the CPUC adopted ORA's recommendation and rejected the Ellwood contract.

Integrated Distributed Energy Resources (IDER) Rulemaking

Distributed Energy Resources (DER) are small, decentralized grid-connected technologies such as renewables, energy efficiency, energy storage, electric vehicles, and demand response. DER systems can be managed and integrated with utilities' conventional energy resources using smart grid technologies. The CPUC is examining various strategies for cost effectively promoting DER deployment including the following:

Evaluation of Benefits provided by Distributed Energy Resources

In 2017, the CPUC focused on determining how to value the benefits of potential GHG reductions from DERs. ORA successfully advocated for the adoption, on an interim basis, of the existing price for GHG emissions developed by the California Air Resources Board (CARB). This interim value allows DER projects to be evaluated using a cost-effectiveness test that includes a well understood CARB value for GHGs. Without such an interim value, there is the risk of project delays or of putting in place values that are unsubstantiated and may lead to ratepayer-funded projects that are not cost effective. ORA will be involved in determining a permanent value for assessing the benefits of DERs.

Pilot Programs to Evaluate Incentives that Encourage Utility DER Investment

ORA effectively intervened to improve the utilities' proposals for various DER projects for which they sought to receive incentives. The CPUC encouraged the IOUs to utilize the proposed IDER pilots that would defer or be in place of required reliability infrastructure upgrades. ORA opposed some of the proposed projects based on research that showed the utilities were already in the process of recovering funds from ratepayers for projects that serve the same reliability purpose. In effect, ORA prevented the utilities from being paid twice for the same projects, which saved ratepayers $10.7 million.

ENSURING SAFE & RELIABLE COMMUNICATIONS SERVICES

Monitoring Communications Network Outages

ORA implemented a system to track network outages reported by carriers to the Federal Communications Commission's (FCC) Network Outage Reporting System (NORS). NORS reports are marked confidential by carriers and contain information such as the duration, location, and number of customers affected by a network outage.[2] ORA focuses on network outages that impact 9-1-1 service.

Reliable 9-1-1 service is essential for public safety. Network outages can affect customer access to 9-1-1 service in two ways: (1) 9-1-1 calls are routed to a Public Safety Answering Point ("PSAP") but without identifying the caller's location or (2) 9-1-1 calls are not routed to the appropriate PSAP. A PSAP is where trained dispatchers are located to respond to 9-1-1 calls.

ORA analyzed reported 9-1-1 outages in California from January through August 2017. The outages occurred more in urban counties than in rural counties, with a noticeably higher frequency in August 2017. While most outages occurred in urban counties, about 80 percent of rural county outages prevented callers from reaching the PSAP to report an emergency. In contrast, about 50 percent of the outages in urban counties prevented callers from reaching the PSAP to get help.[3] This calls for the need to focus on ensuring 9-1-1 network reliability in rural counties.

ORA'S ANALYSIS IDENTIFIES IMPROVEMENTS NEEDED FOR RURAL ACCESS TO 911

ENSURING SAFE SAFE DRINKING WATER

Safe drinking water is a top priority for ORA. In CPUC Class A General Rate Cases (10,000 or more service connections), ORA comprehensively and thoroughly examines water utility costs and operations to ensure service is provided cost effectively consistent with customer benefits. As part of these GRCs, ORA examines the State Water Resource Control Board reports to assess utility compliance with safe drinking water standards and requirements.

ORA also participates in community meetings, CPUC Hearings and Workshops, and in other

[2] A full list of the information contained within the FCC's NORS reports can be found in the NORS Glossary: https://www.fcc.gov/pshs/docs/NORS/NORS_Glossaryv3.docx

[3] ORA delineated between rural and urban counties based on the list of Rural Areas by County as defined by the California Attorney General's Office, which can be found here: http://oag.ca.gov/sites/all/files/agweb/pdfs/gambling/rural-areas.pdf

2017 POLICY ISSUES: ENVIRONMENTAL GOALS

ORA SUPPORTS CALIFORNIA'S GREENHOUSE GAS REDUCTION EFFORTS

venues to learn from customers regarding their specific needs and challenges. This information is crucial in helping ORA craft and advocate for long-term water solutions, including water quality issues. ORA also collaborates with public representatives to obtain the information it needs to best represent customer water interests.

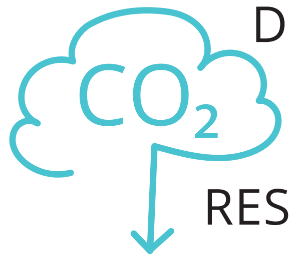
Integrated Resource Planning

In the biennial Integrated Resource Planning (IRP) proceeding, the CPUC establishes electric procurement policies to ensure that California has a safe, reliable and cost-effective electricity supply while achieving the state's aggressive environmental goals. ORA supports the state's mandates to reduce GHG emissions and maintain reliability while minimizing cost impacts on customers. At this stage in the IRP proceeding, ORA specifically is focused on ensuring that the requirements for the load service entities' future procurement plans are effective in enhancing reliability while providing GHG benefits at least cost. ORA will actively participate in the IRP proceeding through 2018.

Distributed Resource Plans

ORA is participating in the CPUC's Distribution Resource Planning (DRP) proceeding to advocate for methods that encourage the cost-effective deployment of Distributed Energy Resources (DERs). DERS can assist in deferring or replacing expansion or upgrades to the utilities' existing infrastructure. The DRP proceeding is primarily focused on distribution grid planning and identifying distribution system enhancements required for the optimal placement and operation of DERs.

ORA SUPPORTS COST-EFFECTIVE ADVANCEMENT OF DISTRIBUTED ENERGY RESOURCES TO REDUCE GREENHOUSE GAS EMISSIONS



ORA successfully advocated for the CPUC to adopt cost caps for the utilities' proposed DRP demonstration projects. ORA also called for the removal of projects that already had received authorized ratepayer funding through other proceedings. The administrative cost savings resulting from cost caps and the removal of duplicative projects is $30 million.

Transportation Electrification

Transportation Electrification is a necessary step in reducing California's overall GHG emissions. Currently, California's carbon-based transportation sector contributes almost 40% to the state's GHG emissions. The utilities have an important role to play in facilitating the deployment of infrastructure to deliver power to vehicles and through setting rates that encourage the recharging of vehicle batteries at times that enhances grid reliability and reduce emissions.

In January 2017, PG&E, SCE, and SDG&E filed applications, pursuant to SB 350 (de León, 2015), proposing plans for electric infrastructure that will enable transportation electrification of light, medium, and heavy duty vehicles. The proposals, which are estimated to cost ratepayers $1 billion, focus on installing electric vehicle (EV) charging infrastructure and education programs. The CPUC segregated the review process of these proposals into two

phases. The first phase focuses on short-term priority review projects (PRPs) that should be relatively easy and quick to implement with an estimated total cost of $60 million. In November 2017, the CPUC issued a proposed decision on the PRPs that adopted several of ORA's key recommendations. Parties, including ORA, commented on the proposed decision, and the CPUC is expected to issue a final decision in January 2018.

Phase 2 of the review process involves longer term standard review projects (SRPs), which are estimated to cost $940 million, and require longer-term planning and implementation schedules. The CPUC is expected to adopt a final decision on Phase 2 issues by April 2018. The utilities' plans for charging infrastructure also included various rate proposals. ORA is encouraging vehicle charging rates that avoid cross-subsidies and provide pricing incentives to spur demand for electric vehicles. ORA has already successfully advocated for SDG&E to withdraw its proposed rate structure with a high fixed charge.

In June 2017, the three smaller California electric utilities - PacifiCorp, Liberty Utilities, and Bear Valley Electric - filed their transportation electrification proposals with estimated costs of $440,000 for PacifiCorp, $6.3 million for Liberty Utilities, and $746,000 for Bear Valley Electric. Liberty Utilities and Bear Valley propose to offer rebates as an incentive to install charging stations. The rebates would offset the cost of the infrastructure needed to support charging stations. Liberty Utilities and Bear Valley propose to include these costs, $1.6 million and $607,500, respectively, in their rate base, which means they would earn a rate of return on the rebates on an ongoing basis. ORA is opposing this proposal and recommends that utilities be authorized to pass on the costs only once to their customers. ORA submitted testimony on each of the utilities' proposals in December 2017, and will continue to participate in this proceeding through 2018.

Rules to Facilitate Interconnection of Distributed Energy Resources

CPUC Rule 21 governs how utilities interconnect DERs to their distribution systems, including determining methods for calculating the interconnection costs of installing DERs. The cost-effective interconnection of DERs to distribution systems will facilitate the achievement of the state's GHG emissions reduction goals.

ORA is advocating for a streamlined interconnection process and cost certainty to address DER developers' concerns. Currently, the CPUC is determining how to best organize the many issues raised in the proceeding.

Regionalization of the Western Transmission Grid

ORA is participating in several of the California Independent System Operator's (CAISO) stakeholder initiative processes regarding the creation and expansion of markets in the western region in order to gain access to more power generation sources. ORA's primary focus is to ensure that power from out-of-state resources is procured in a cost-effective manner that leads to lower energy prices for California ratepayers.

Rejection of a Proposed Transmission Line to Connect to a Non-Existent Generating Station

In December 2017, the CPUC issued a decision that agreed with ORA's recommendation to deny PG&E's request to construct a new 2.4 mile-long transmission line for the purpose of connecting to a proposed gas-fired generation plant located in Oakley. PG&E requested $5.5 million for this project. ORA recommended that the CPUC dismiss the application because there is no need for a transmission line since the plan to build the plant has been withdrawn.

ORA REPORT TO LEGISLATURE

ON OR BEFORE JANUARY 10 OF EACH YEAR, ORA IS REQUIRED TO PROVIDE TO THE LEGISLATURE THREE PIECES OF INFORMATION:[4]

1

STAFFING LEVELS OVER 5 YEARS

The number of personnel years utilized by ORA with a comparison of its staffing levels for a five-year period

2

BUDGET

The total dollars expended by ORA in the prior year, estimated total dollars expended in the current year, and the total dollars proposed for appropriation in the following budget year.

3

WORKLOAD

Standards and measures for ORA work.

[4] This report is submitted in compliance with section 309.5 (f) and (g) of the Public Utilities Code.

ORA 2017 METRICS REQUIRED BY THE LEGISLATURE

1. ORA STAFFING LEVELS

Each year, ORA reports to the Legislature the number of its staff personnel years utilized with a comparison of its staffing levels for a 5-year period. ORA currently has 159 authorized positions[5]. The table below provides a comparison of ORA's authorized staffing levels for a 5-year period.

ORA STAFFING LEVELS FOR A 5-YEAR PERIOD

Fiscal Year	ORA Authorized Staff
2014/2015	**142**
2015/2016	**147**
2016/2017	**147**
2017/2018	**159**
2018/2019	**165**[6]

[5] This includes ORA's Chief Counsel position which was authorized by Senate Bill 608. The CPUC Legal Division provides attorneys, and support staff, upon ORA's request, to aid ORA in litigation matters. These legal resources, including their overhead, salaries, and benefits are paid for out of ORA's Program Account 3089, but are not ORA staff.

[6] The Governor's proposed budget provides ORA additional resources to perform mission critical work related to safety, integrated resource planning, cost allocation, and geographic and demographic analyses.

2. ORA'S BUDGET

Each year ORA reports to the Legislature the total dollars expended by ORA in previous budget cycles, estimated total dollars expended in the current year, and the total dollars proposed for appropriation in the upcoming budget year. ORA strives to administer its budget prudently to effectively achieve its mandate.

ORA'S BUDGET

Fiscal Year	Dollars Authorized[7]	Dollars Expended
2016/2017	**$30,480,000**[8]	**$28,144,000**
2017/2018	**$31,030,000**[9]	*****
2018-2019	**$31,673,000**[10]	******

*Year-end expenditures will not be available until August 2018 for the fiscal year ending June 2018.

**Year-end expenditures will not be available until August 2019 for the fiscal year ending June 2019.

ORA develops its budget internally,[11] including the cost of shared resources with the CPUC such as infrastructure, human resources, and information services. ORA's budget is statutorily designated as a separate account into which funds are transferred each year via the annual Budget Act to the CPUC Ratepayer Advocate Account to be used exclusively by ORA in the performance of its duties. ORA's $31,673,000 proposed budget for fiscal year 2018/2019 may change once the final budget for 2018/2019 has been approved by the Governor. The total budget includes staffing, administrative overhead, and CPUC/ORA shared resources.

[7] ORA has additional budget authorization for reimbursable contracts. ORA is reimbursed for these costs by the relevant utilities. For FY 2018/2019, the proposed amount for reimbursable contracts is $3,000,000. Actual expenditures for reimbursable contracts occur only if there are proceedings that allow for reimbursable contracts. Examples include audits, mergers, and major resource additions, such as the construction of a transmission facility for which ORA may need to contract for expert consultant services to assist ORA in analyzing the utility request or application.

[8] Reflects Governor's 2016/2017 budget prior to fiscal adjustments.

[9] Reflects Governor's 2017/2018 budget prior to fiscal adjustments.

[10] Reflects Governor's proposed 2018/2019 budget.

[11] Public Utilities Code Section 309.5(c): The director shall develop a budget for the office that shall be subject to final approval of the Department of Finance. As authorized in the approved budget, the office shall employ personnel and resources, including attorneys and other legal support staff, at a level sufficient to ensure that customer and subscriber interests are effectively represented in all significant proceedings. The office may employ experts necessary to carry out its functions. The director may appoint a lead attorney who shall represent the office, and shall report to and serve at the pleasure of the director. The lead attorney for the office shall obtain adequate legal personnel for the work to be conducted by the office from the commission's attorney appointed pursuant to Section 307. The commission's attorney shall timely and appropriately fulfill all requests for legal personnel made by the lead attorney for the office, provided the office has sufficient moneys and positions in its budget for the services requested.

3. WORKLOAD

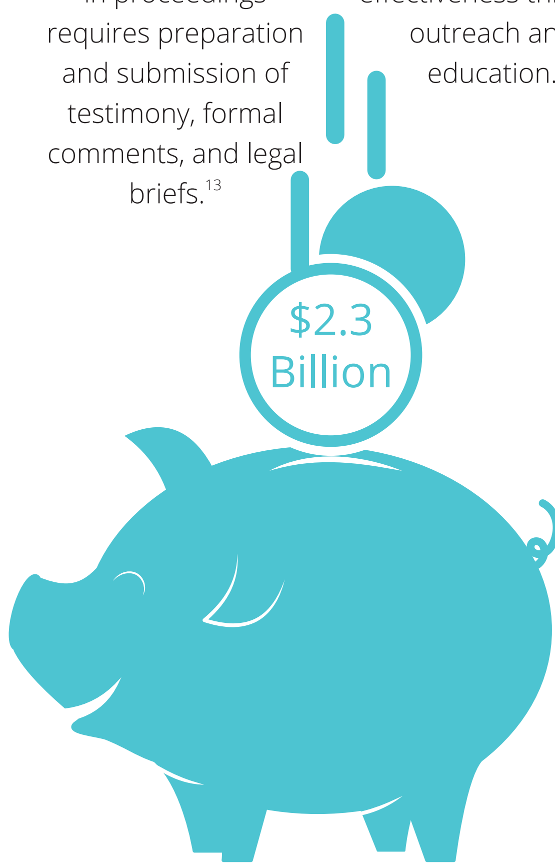
ORA MEASURES ITS WORKLOAD IN FOUR WAYS

CONSUMER IMPACT	PROCEEDINGS	PLEADINGS	OUTREACH
The amount of dollars consumers saved and the return on their investment in ORA.	ORA advocates on behalf of consumers in hundreds of CPUC proceedings and in other forums.[12]	ORA's participation in proceedings requires preparation and submission of testimony, formal comments, and legal briefs.[13]	ORA enhances its effectiveness through outreach and education.

ORA'S IMPACT FOR CONSUMERS

In 2017, ORA's efforts on behalf of ratepayers saved them over $2.3 billion. These savings were realized in the form of lower utility revenues, avoided rate increases, customer benefits and refunds.

For every dollar customers invested in ORA's $31,030,000 budget in 2017, they will realize a return of approximately $74 across their utility bills.



[12] A proceeding is a formal case before the CPUC in which a legal record is developed. It may include an evidentiary hearing with the opportunity to cross-examine witnesses.

[13] A pleading is a legal document filed in a formal proceeding before the CPUC. The CPUC conducts proceedings regarding a wide variety of matters such as applications to raise rates, CPUC investigations, CPUC rulemakings, or complaint cases. In a typical proceeding, pleadings filed by ORA might include a protest to a utility application, a motion for evidentiary hearings, opening and reply briefs, and opening and reply comments on a proposed decision, CPUC rulemaking, or CPUC investigation.

ORA'S PROCEEDING WORK

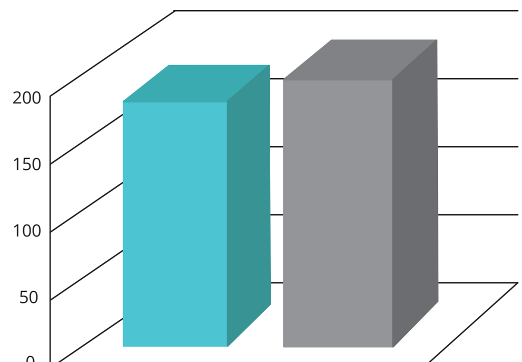
In 2017, ORA participated in 170 formal CPUC proceedings. ORA is often the only voice representing customers' interests in a number of these proceedings. Since the CPUC relies on a formal evidentiary record in rendering its decisions, ORA's participation is essential to ensure that the CPUC has a record that reflects the interests of California's customers.

The following charts represent the total number of formal CPUC proceedings in which ORA participated in 2017 in comparison to 2016, as well as broken out by industry group. These numbers do not reflect the greater complexity of the issues being addressed by ORA in omnibus proceedings addressing greenhouse gas emissions, renewable resource development, procurement and transmission working groups, water conservation, and other major initiatives.

NUMBER OF PROCEEDINGS THAT ORA WORKED ON IN 2017

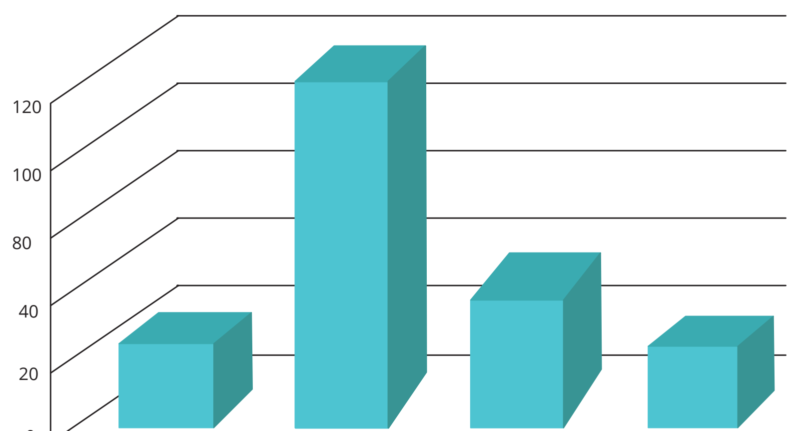
170

Number of 2017 CPUC Proceedings ORA Participated - 2016 vs. 2017



	2016	2017
TOTAL	155	170

Number of 2017 CPUC Proceedings ORA Participated - by Industry



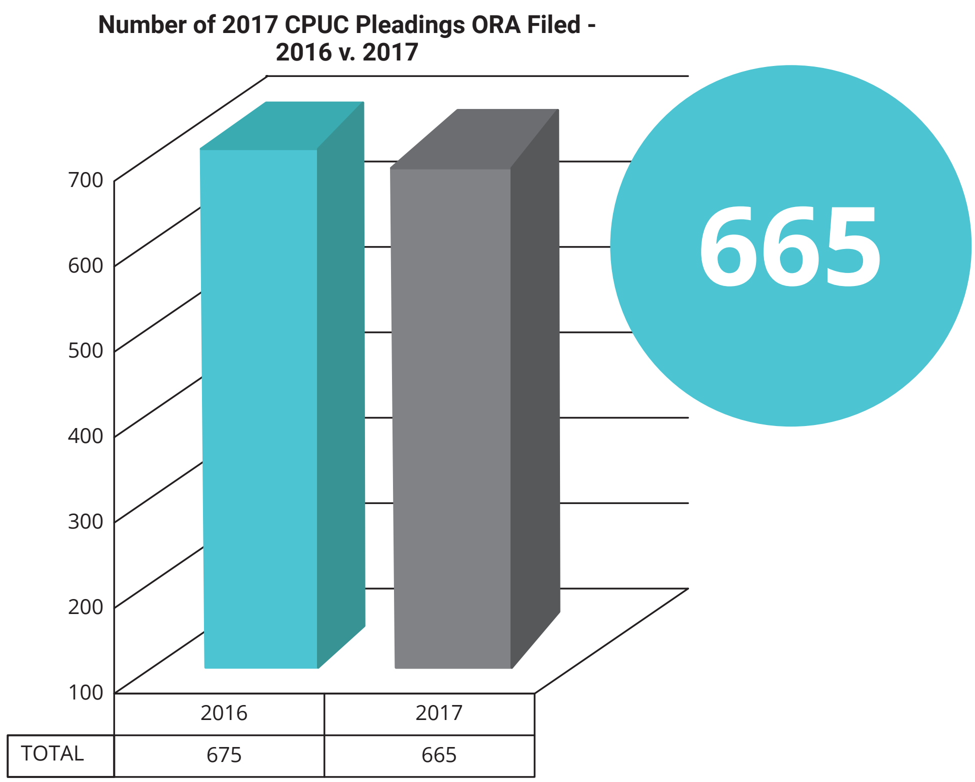
	Communications	Electric	Gas	Water
TOTAL	16	112	28	14

In addition, ORA filed many responses to utility advice letters in which the utilities often seek CPUC authority via a more informal process.[14] Beyond its participation in formal and informal CPUC proceedings, ORA is an active participant in proceedings at the California Energy Commission (CEC), the California Independent System Operator (CAISO), and the California Air Resources Board (CARB), where policy-making will impact ratepayers. ORA also provides consumer representation in other forums related to the CPUC's proceedings, such as meetings to review utility procurement decisions, the Low-Income Oversight Board (LIOB), communications public policy committees, industry committees of the National Association of State Utility Consumer Advocates (NASUCA), and the Pacific Forest and Watershed Stewardship Council.

ORA'S PLEADING WORK

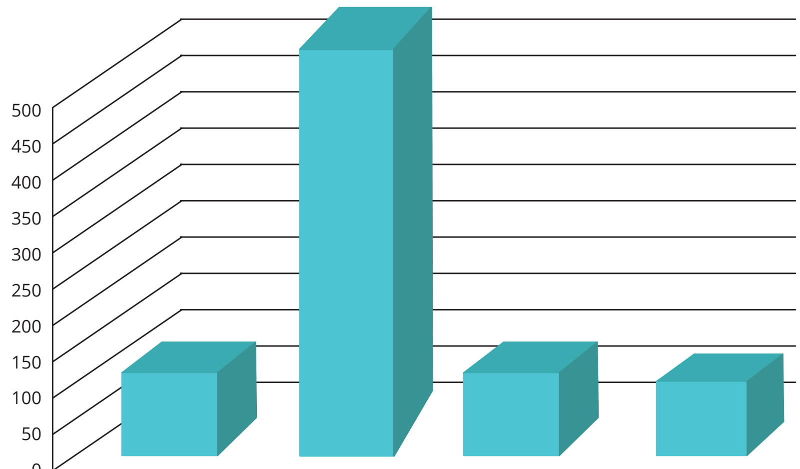
In 2017, ORA filed 665 pleadings in formal CPUC proceedings. ORA staff and attorneys file hundreds of pleadings annually on behalf of customers, covering issues related to electricity, natural gas, water, and communications. The following charts represent the comparison of the number of pleadings ORA filed in 2017 in comparison to 2016, as well as broken out by industry group.

NUMBER OF PLEADINGS ORA FILED IN 2017



[14] An advice letter is a filing by a utility seeking authority to spend ratepayer money or set/change policies which may have a significant impact on consumers. Utility requests via advice letters are typically authorized by CPUC decision adopted in a formal proceeding, which sets certain parameters for determining whether the advice letter request is valid and should be granted.

Number of 2017 CPUC Pleadings ORA Filed - by Industry



	Communications	Electric	Gas	Water
TOTAL	58	507	54	46

ORA OUTREACH AND EDUCATION

ORA also has developed measures to improve the quality of its work product and increase the effectiveness of its advocacy efforts. In this regard, ORA also measures its CPUC outreach efforts by tracking the number of contacts it has with commissioners and their advisors in connection with CPUC proceedings. In 2017, ORA conducted educational and informational meetings with Commissioners and/or their Advisors 62 times.[15]

NUMBER OF TIMES ORA REACHED THE PUBLIC

As the public's advocate, it is essential for ORA to participate in Commission Public Participation Hearings[16] and Workshops,[17] Public Speaking Engagements, Conferences and other events to explain to consumers in plain language how proposed changes to utility rates, practices and policies impact them and how the public can make their voices heard. The state processes are very complex and the average consumer does not have the time or resources to navigate these processes on their own.

[15] This figure reflects the number of meetings between ORA representatives and CPUC commissioners or their advisors, including appearances in all-party meetings or oral arguments.

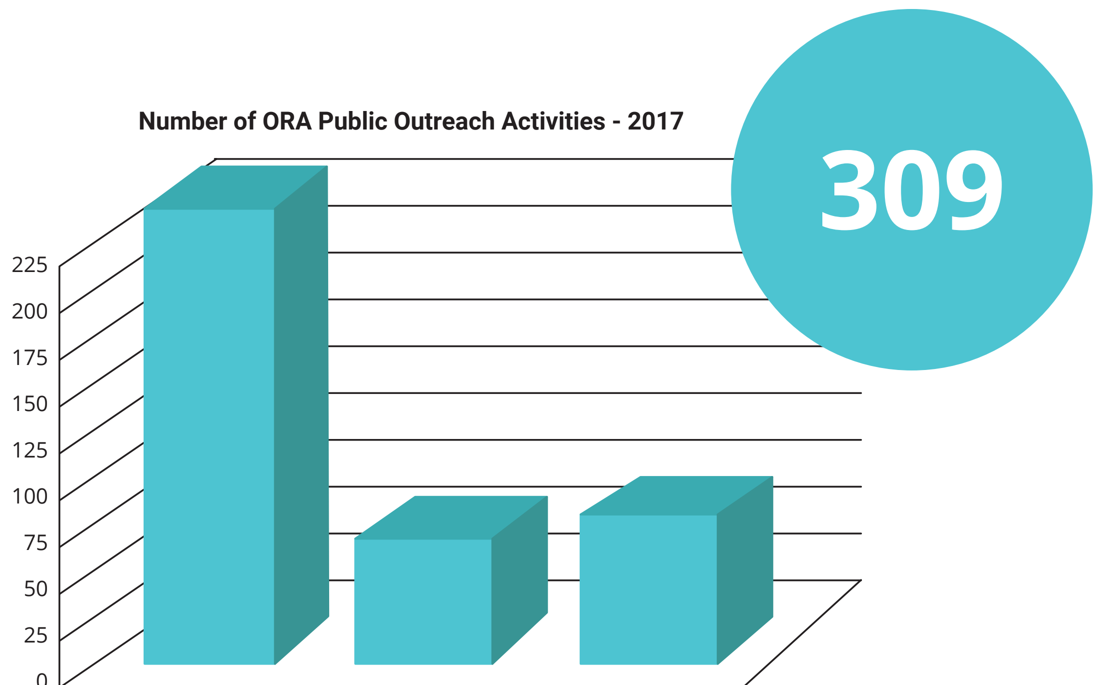
[16] Public Participation Hearings are forums held by the Commission for the public to participate and learn about various proceedings underway at the Commission.

[17] Workshops are forums held by the Commission for stakeholders or outside parties to address specific issues related to a proceeding or matter before the Commission.

It is also equally important for ORA to interact and learn from the public regarding their specific needs and challenges. Consumer stories, perspectives and problems are crucial for helping ORA to craft and advocate for long-term solutions in our work.

In 2017, ORA participated in hundreds of public meetings, worked with a wide variety of stakeholders, including customers of small business organizations, community and environmental groups, and other consumer oriented organizations to advocate for customers before the Commission and in other forums.

Number of ORA Public Outreach Activities - 2017



	Energy & Gas	Water	Communications
Total	226	34	49

ORA IN SACRAMENTO

We provide a strong voice for millions of hard working public utility customers by helping shape and advance California's ambitious environmental, safety, low-income, and other important goals in the most cost-effective manner.

ORA does this by actively providing the Governor's Office, Legislature, Department of Finance, Legislative Analyst's Office and others with robust analysis and recommendations to help them make well-informed decisions that reflect the best interests of consumers, the environment, and the economy.

ORA maintains a full-time presence in Sacramento and assists by:

- Researching complex utility issues and answering questions
- Providing fact-based technical legislative assistance and recommendations
- Writing new legislation or bill amendments
- Taking positions on legislative bills and presenting testimony
- Providing educational briefings on complex ratemaking, rate design, and other utility policy issues
- Convening or participating in stakeholder meetings to help resolve the most complex or divisive utility issues
- Assisting with individual constituent issues to resolve them in a timely manner
- Participating in district town hall meetings or other constituent gatherings
- Providing timely updates on CPUC and ORA actions and activities

ORA also independently develops its budget subject to final approval of the Department of Finance, and prepares its Annual Report that outlines its key activities and accomplishments consistent with its statutory mandate (Public Utilities Code Section 309.5).

ORA'S EXECUTIVE TEAM

ORA is led by an executive management team, which oversees ORA's six branches covering the issues of energy, water, and communications. ORA's director is appointed by the Governor and confirmed by the California State Senate.

ELIZABETH ECHOLS
Director

Elizabeth was appointed by Governor Brown as ORA's Director in 2016, and her appointment was confirmed by the State Senate. She leads ORA in achieving its mission and directs the activities of 159 staff organized into four energy branches, the Water Branch, the Communications & Water Policy Branch, and the Administrative Branch.

LINDA SERIZAWA
Deputy Director for Energy

Linda oversees ORA's work on energy ratemaking and rate design, infrastructure projects and investments, and safety and reliability measures, as well as programs focusing on electric procurement, GHG reduction, low-income assistance, and demand-side management.

CHRIS UNGSON
Deputy Director for Water & Communications

Chris oversees ORA's work on water and communications policy, ratemaking and rate design, infrastructure projects and investments, safety and reliability, as well as water conservation, universal access to voice and broadband services, and service quality.

DARWIN FARRAR
Chief Counsel

Darwin is responsible for overseeing all ORA's legal issues and managing the work of ORA's attorneys. In addition, the Chief Counsel may serve as the lead attorney in settlement negotiations or supervise negotiation strategies, draft proposed rules, regulations, and legislation, as well as briefs, comments, settlement documents and other written products.

MATTHEW MARCUS
Governmental Affairs, Policy & Planning

Matthew is responsible for ORA's activities in Sacramento and leads ORA's legislative outreach, policy, and educational efforts, as well as responding to inquiries from the California State Legislature and the Office of the Governor.

TARA DIAS ANDRESS
Legislative Advisor

Tara serves in Sacramento's Governmental Affairs Office and is responsible for assisting with ORA's legislative outreach and advice on issues relevant to members and staff of the California State Legislature and the Office of the Governor.